

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
AUGUST 17, 2004
MINUTES**

PRESENT: Tom Morrow, Chairman
Ned Sickle, Vice Chairman
Margaret Dunn, Commissioner
Jerry Gleason, Commissioner
John Holdsworth, Commissioner
Gordon Zuckerman, Commissioner

ABSENT: Sally Shaffer, Commissioner

STAFF: Kathy O'Connor
Kathy Montalvo
Craig Clifford
Brad Gessner
Michelle Korf
Lee Guillory

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

Councilman Ecton
Brent DeRaad
Rachel Sacco
Robert Hayward
Kristi Miller

CALL TO ORDER

Chairman Morrow called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

ROLL CALL

A formal roll call confirmed members present as stated above.

APPROVAL OF MINUTES

A MOTION WAS MADE BY COMMISSIONER HOLDSWORTH TO APPROVE THE MINUTES OF THE JULY 20, 2004 MEETING AS PRESENTED. THE MOTION WAS SECONDED BY COMMISSIONER GLEASON AND PASSED UNANIMOUSLY.

MID-YEAR LODGING REPORT AND MARKET SHARE

Ms. O'Connor introduced Robert Hayward, Warnick & Company, to provide the Commission with overview of the Mid-Year Lodging Report and Market Share.

Mr. Hayward explained that the Mid-Year Lodging Report is a comparison the Scottsdale market and comparative markets' performance for the first six months of the calendar year since 1998. He provided a brief overview of the report with detailed information on:

- Comparative Set Market Penetration and Demand Growth
- Semi-Annual Lodging Market Performance 1998-2004
- Scottsdale's Overall Market Performance vs. Individual Comparative Destination

Mr. Hayward explained that Scottsdale hotels have adjusted their price structure to compete effectively, and their marketing efforts along with those of the Scottsdale Convention and Visitors Bureau have contributed to the increases in occupancy and market share.

Commissioner Sickel commented that this information is focused primarily on group business or leisure business noting that his hotel relies on corporate travel. Mr. Hayward replied that historically corporate business has not been factored because it is difficult to determine who you are competing with therefore some cities have not been included. He stated that might be something they want to consider in determining what is the true competitive market as it relates to corporate business versus leisure groups.

Ms. O'Connor noted as the product mix changes we are getting more corporate type hotels so that would be one of factor they need to address.

Commissioner Zuckerman inquired if it is possible to change the competitive set. Ms. O'Connor replied that this is something the Commission and subcommittee has been actively involved with and typically how it has been done there would be representatives from the Commission, CVB to take a look at the overall picture and come up with a recommended competitive set based on all of the input. Commissioner Zuckerman inquired if it would be possible to change the competitive set before the next report. Mr. Hayward replied in the affirmative adding that the sets can be changed at any point. He explained that they could re-create information as far back as 1998.

Commissioner Sickel inquired if the hotels included in this report are only the hotels that pay Scottsdale bed tax. Mr. Hayward replied in the negative. It was noted that included

are hotels like the Phoenician, but the JW Marriott Desert Ridge and the Westin Kierland are not included.

Mr. Hayward reported that the best way to find out what is going on in other market places is to conduct interviews to understand why different markets have grown or declined. To determine what people are doing effectively to be successful and learn from them.

Councilman Ecton stated that interviews and numbers are good but if you don't react to those numbers, it does not mean anything. He further stated the City Council knows what needs to be done to improve year-round tourism. There needs to be new attractions. There needs to be a covered event center at WestWorld. The downtown storefronts need to be upgraded. He further stated that all of these things are currently being worked on. He explained that this group needs to be more vocal and push these issues forward.

Commissioner Holdsworth stated that he felt the Commission should not spend a lot of time focusing on what happened in the past but should focus on being preemptive before they lose additional market share.

Chairman Morrow inquired if Mr. Hayward saw anything disturbing in the figures or anything he would identify as a problem. Mr. Hayward stated in the last couple of years there were disturbing trends as it related to how Scottsdale was losing market share but there is evidence that the market is rebounding. He further stated that with the addition of new hotels such as Desert Ridge Marriott and Westin Kierland and with the upgrades that have been happening to a number of properties around the city has maybe rejuvenated this market. Commissioner Holdsworth stated that he felt the market would benefit from including Desert Ridge and the Westin Kierland. Ms. Sacco reported that the CVB has a new Board there is a retreat scheduled in September and that will be a topic.

Commissioner Dunn stated she felt there is a disconnect between this data and what is going on with the rest of the market place. She further stated it is important to start connecting the community and unifying the other activities noting that transportation and golf do a great job connecting with the hotels.

Chairman Morrow stated that he felt we should have more information on activities in other markets. Ms. O'Connor stated based on what she has heard today, the Commission wants to continue to see these reports but may want to think about reformatting the process to be more preemptive rather than reactive. Another theme would be integration beyond the hotels.

BED TAX COLLECTION & FINANCIAL REPORTS

Mr. Clifford explained staff is in the process of closing the fiscal year accounting, and those numbers will be finalized within the next 30 days. He reported the numbers are up

from last fiscal year. He further reported that the TPC parking was paid off from a bond premium so that item will no longer be on the expense ledger. He stated the policy change was approved by the City Council to go to the 80/20 revenue split.

Ms. O'Connor stated the proforma format has been changed. She reviewed the changes to the format.

SCOTTSDALE CONVENTION & VISITORS BUREAU UPDATE

Ms. Sacco provided an update on what the CVB is working on. She reported they are finalizing the media plan and incorporating the most recent VICA research. She further reported that they are finalizing their contracts with other municipalities. They also anticipate working with Ms. O'Connor on the Five-Year Strategic Plan.

Chairman Morrow requested information regarding the CVB's proposal with Salt River Indian Community. Ms. Sacco replied they are looking at helping them with assisting them on how tourism can become an occupation for tribal members; continue their relationship with the City of Scottsdale and tourism promotion. Chairman Morrow inquired if they would be willing to put dollars on the table. Ms. Sacco replied in the affirmative.

FIVE-YEAR MARKETING PLAN CVB UPDATE

Ms. O'Connor stated that included in the Commission packet is a recap of the CVB's progress toward meeting the strategy recommendations as outlined in 2000-04 Scottsdale Hospitality marketing strategy.

Ms. Sacco provided a brief overview on the results from the last Five-Year Strategic Plan. She also provided information regarding the history of the document. She reported the strategic initiatives have set the stage for everything they have done. She explained that the ERA study assisted them in how far behind the curve they were regarding the need for the CVB to embrace technology as a way to more efficiently and effectively communicate with customers. "With our limited budget we continue to explore new technological products and systems that will enable us to interact with potential visitors and meeting planners in the most efficient manner possible."

Commissioner Holdsworth expressed his concern regarding the time it has taken to complete the technology strategy. Ms. Sacco presented information on the cost to keep the technology current. Commissioner Holdsworth inquired in the event there is overflow of funds could they be utilized this year to be applied in the future years to assist the CVB with staying current with technology. Ms. O'Connor replied in the affirmative. She stated how those funds could be allocated would be an issue that could be addressed at the retreat.

TOURISM DEVELOPMENT COMMISSION RETREAT AGENDA ITEMS

Ms. O'Connor stated the retreat would be held on Tuesday, November 2, 2004, at the LaPosada Resort from 9:00 a.m. to 4:00 p.m. She reviewed the proposed agenda items for the retreat and requested input.

Commissioner Sickel requested the Commission discuss communication of key issues with the City Council. He suggested that maybe we form a communications subcommittee. He stated that we need to appear before the City Council regarding key issues. Commissioner Holdsworth suggested we do a profile so everyone knows they are the champions of tourism.

Councilman Ecton suggested that on a regular basis one of the Commission members' attend City Council meetings and use their three minutes to discuss relevant topics and that would be one way of getting more exposure.

Ms. O'Connor reported that she could provide the Commission members' with the weekly Council update from the City Manager's office to keep them informed regarding what the Council will be hearing and seeing.

Commissioner Dunn stated that the individual commission members' could also make personal phone calls to council members'.

Ms. O'Connor stated the TDC agenda could be reformatted to be action oriented so that we continually focus time and energy on their priorities.

Commissioner Dunn suggested we wrap up the conversation on Signature Events.

Councilman Ecton stated that he felt Signature Events are worthwhile to spend a lot of time on but they should not forget minor events as well. He further stated that he received a suggestion from a citizen regarding recognizing well-known authors in a similar fashion to the avenue of stars in Los Angeles. It was suggested having a literary walk of fame at the Water Front project. He reported that he would pursue this idea to see if there is public interest.

Commissioner Dunn suggested we do some brainstorming regarding how we can get the community to be more inclusive and work together to implement their plans.

Commissioner Holdsworth suggested utilizing the Scottsdale Republic to engage the local population regarding tourism. There could be a call to action piece.

Councilman Ecton stated that he was in Boston this week and the Mud Mania event was on the news. He further stated that the City might want to consider making Mud Mania a national event.

TOURISM INDUSTRY OVERVIEW MEMO TO COUNCIL-FINALIZED DOCUMENT

Ms. O'Connor stated in a follow up to the discussion at the June meeting pertaining to providing the City Council members with information about the City's Tourism Development program and the benefits generated by the tourism industry for the City and its residents, a final document was included in the Commission packet for their review. This memo is being sent to the City Council to give them an overview of the tourism industry.

Chairman Morrow reported the objective is to conduct private meetings with the City Council members' in addition to the memo. He further reported that he and Ms. O'Connor have met with two of the four new members.

Commissioner Holdsworth suggested that in addition to sending this memo to each of the Council members' he would suggest sending the same memo to the Scottsdale Republic.

ACTION SPORTS TOUR EVENT

Ms. O'Connor stated this idea was presented last week and this event is tentatively scheduled for next May and the following May. It is a two-year request.

Mr. DeRaad provided information on the Action Sports Tour explaining that it would be a nationally televised competitive tour for the growing sports of skateboarding, BMX, and freestyle motorcross. He reported that initially this event was looking for contributions of around \$200,000 but that will not happen. What will most likely happen is the fees at WestWorld would be discounted and they would receive a smaller cash stipend.

Mr. Gessner stated this event would happen during the shoulder season. He further stated they are trying to put together a package deal and they want to know if the Commission would be interested in providing funding.

Commissioner Sickle stated that this would be a different demographic profile.

Mr. DeRaad replied it is a younger demographic. Ms. Sacco reported that this event would allow them to advertise to a different demographic and allow them to capture data as well.

Chairman Morrow inquired if they would be willing to commit to more than two years. Mr. DeRaad stated the event would probably use the two years to figure out if the event is financially viable.

Chairman Morrow inquired what kinds of financial support are they looking to receiving. Mr. DeRaad replied he would estimate around \$30,000 to \$50,000 coming from the Tourism Development Commission. Mr. DeRaad reported that they are also looking at partnering with Tempe for the water sports.

Chairman Morrow inquired how many room nights would this event generate. Mr. DeRaad stated they are looking at 3,300 room nights but the true value would be the national TV coverage.

Mr. DeRaad reported they would present a complete package to the Commission at the September meeting for their consideration.

ADMINISTRATOR'S REPORT

Ms. O'Connor discussed the highlights of the Smith Travel Report.

Ms. O'Connor reported in the Commission packet is a meeting schedule calendar.

UPCOMING EVENTS AND COMMISSION BUSINESS

Ms. O'Connor reported the next regularly scheduled meeting would take place, Tuesday, September 21, 2004. She further reported a study session is scheduled for September 1, 2004, to review the event funding applications.

ADJOURNMENT

The meeting concluded at 10:00 a.m.

Respectfully submitted,

"For the Record" Court Reporters.